

The Commission proposes to introduce legislation that would require mandatory testing of passenger and goods vehicles below 3.5 t. Once the system was running fully, there would be a test after three years of operations, and another after five years to introduce *earlier and more frequent* tests.

The tests would cover a specified list of items including braking, steering, seat belts, wheels, suspensions, chassis frame, noise, suppression of radio interference and exhaust emissions.

Clearly this legislation could lead to a significant increase in the demand for replacement parts in a number of Member States.

Pollution standards. The efforts to achieve a "clean" car within the Community are resulting in stricter standards on car exhaust gaseous emissions.

A group of new Directives has been adopted for private car emissions. The Directive on small car emissions provides for mandatory norms from 1992 onwards. The new norms are comparable to U.S. standards and on the basis of available technology can only be met by three-way catalytic converters. The Commission hopes that by 1992 advances in lean burn technology will be sufficient to meet the new standards.

Voluntary EC standards for medium-size and large cars are also expected to be tightened by 1993.

Competition policy. EC legislation recognizes that, due to the special nature of this industry, it is necessary that the distributors of motor vehicles be allowed a certain degree of exemption from the standard EC rules on competition. The main argument for exemption is that

distribution agreements of a selective or exclusive nature are usually indispensable measures of necessity. The co-operation between the manufacturer or importer and a number of selected dealers and repairers guarantees the provision of specialized servicing for the product.

However, a number of conditions are attached to this exemption to safeguard effective competition. Two of the most important conditions for aftermarket suppliers are:

- Consumers can have servicing or repairs done under the manufacturer's warranty anywhere in the Common Market.
- Spare parts supplied by third parties that match the quality of those supplied by the automotive manufacturer can be sold and used in the official distribution network.

EC-wide import quotas. Individual Member States have adopted widely divergent policies for dealing with Japanese competition. West Germany and the Benelux countries, for example, place no restrictions, other than the standard EC tariff. In contrast, Italy and France have held Japanese car imports to very low quota levels.

In order to establish a Single Market, national restrictions will be eliminated by the end of 1992, and a detailed program and schedule for the progressive dismantling of these restrictions between now and the end of 1992 drawn up. After 1992 it will not be possible for individual Member States to control imports of vehicles into their territories, as there would be no way of controlling imports that transit other Member States. The Commission, however, appears to have reached the conclusion that some sort of transitional measure will be required to prevent a surge in Japanese